



**“A CASE STUDY ON RISK MANAGEMENT  
OF NAZA AUTOMOTIVE MANUFACTURING SDN.BHD.”**

**PREPARED BY:**

**NOR MAIZATUL ASMA BINTI MISMAN**

**2008351231**

**BBA.(HONS) INTERNATIONAL BUSINESS**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**MELAKA**

**JULY- NOVEMBER 2010**

## ACKNOWLEDGEMENT

First and foremost, all praise is to Allah, the Almighty, and the Benevolent for His blessings and guidance for giving me the inspiration to embark on this project paper. Many people have contributed to the creation and completion of this project.

I would like to thank to my advisor of this project, Madam Zainab binti Alias and Miss Umi Kalsom as second examiner from Universiti Teknologi Mara, Malacca for their generous advices, guidance, comments, patience, commitments and encouragement given to me in preparing and completing this project report. They are inspired me greatly to work in this project.

Besides, I would also like to extend my appreciation to my supervisors, Puan Roslina binti Shaari , Mr.Ahmad Afzal and to all staff of Naza Automotive Manufacturing Sdn. Bhd. who are encouraged and provide me valuable information as the guidance of my project with their patients, support and critical comments.

Finally, an honorable mention goes to my families and friends for their understandings and supports on me in completing this project. Without helps of the particular that mentioned above, I would face many difficulties while doing this project.

Certainly, without the supports and contributions of all those mentioned above, this project report would not be materialized.

## ABSTRACT

Reliability of purchasing products from supplier or vendor has become among the greatest problem between buyer and supplier. It was exist from long time ago and give impact on manufacturing firm . In other word, supply failure is important because buyer dissatisfaction may induce related development or switching costs. The purpose of this paper is to research whether risk management program is suitable in handling and reducing the number of supplier failure.

This case study approach is used based on observation of key informants, examining trends on risk management program used by Naza Automotive Manufacturing and also based on audit program conducted by them. Findings shows that manufacturing firm dissatisfaction increases relative to the accumulated impact of the supply failure, and is reduced when the manufacturer has implement risk management program to absorb the failure or shares blame for it. The supplier's failure recovery reduces dissatisfaction to the extent that it demonstrates the supplier's long-term commitment to the relationship. The findings indicate that attributes of the failure, the failure recovery, and context must be taken into account when considering how a supplier's recovery may ameliorate the negative impact of a supply failure. The findings suggest that manufacturers should ensure that the delivery time given to supplier is enough, standardize and manage evaluation on obsolete and delivery parts and also monitor the report on market price can be using in order to overcome, and improve efficiency on the discussed issues.

Student Name : **NOR MAIZATUL ASMA BINTI MISMAN**  
Matric Number : **2008351231**  
Group : **BM 226 (BBIB 6A)**  
Advisor Name : **PUAN ZAINAB BINTI ALIAS**  
Topic (**Mode A**) : **A CASE STUDY ON RISK MANAGEMENT OF NAZA  
AUTOMOTIVE MANUFACTURING (NAM) SDN.BHD.**

### **ABSTRACT**

The main purpose of this study is to identify the factor that contributes to the supplier failure. The objective of this study is to identify the role and importance good risk management practice for NAM's organization in purchasing products

The researcher had decided to use the primary data and secondary data. Using primary data, this study conduct used observation on NAM's environmental which their performance is driven. All of the data found in the observation such as the way they handle supplier failure. By using secondary data, internal data are collect from the organisation.

From finding, the researcher found that the factor contribute to supplier failure which are delivery delay in supplying goods or products, failure in meeting the specification or qualification required and also mistakes in supplying good-unmatched such as wrong specification.

Practicum Organization :

**NAZA AUTOMOTIVE MANUFACTURING SDN.BHD.GURUN,KEDAH DARUL AMAN.**

Date of Submission : **15 NOV 2010**

Semester : **JULY- NOV 2010**

TABLE OF CONTENTS	PAGE
DECLARATION OF ORIGINAL WORK	i
LETTER OF SUBMISSION	ii
ACKNOWLEDGEMENT	iii
LIST OF TABLE	iv
LIST OF FIGURE	v
ABSTRACT	vi
 CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background of company	7
1.2.1 Mission of the company	7
1.2.2 Vision of the company	7
1.2.3 Risk Management Policy of the company	8
1.3 Background of Issue	9
1.4 Terms and definitions	9
1.5 Significant of the study	11
1.6 Objectives	12
 CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	13
2.2 Supplier Risk Management	13
2.3 Supply failure and manufacturer dissatisfaction	14
2.4 Portfolio optimization and risk	16
2.5 Reducing the chance of supplier failure	17
2.6 The qualities of a good supplier	18
2.7 Supplier relationship	20